



## **Oak View Bankshares, Inc. Announces Financial Results for Third Quarter 2022**

Warrenton, VA, - Oak View Bankshares, Inc. (the “Company”) (OTC Pink: OAKV), parent company of Oak View National Bank (the “Bank”), reported net income of \$580,081 for the quarter ended September 30, 2022, compared to \$621,554 for the quarter ended September 30, 2021. Basic and diluted earnings per share were \$0.20 and \$0.21 for the quarter ended September 30, 2022, and 2021, respectively.

Net income was \$1.9 million and \$1.6 million for the nine months ended September 30, 2022, and 2021, respectively. Basic and diluted earnings per share were \$0.63 and \$0.55 for the nine months ended September 30, 2022, and 2021, respectively.

During the quarter, management sold \$15 million of U.S. Treasuries and \$5 million of U.S. Government Agencies and redeployed the proceeds into assets with more attractive risk and return characteristics. As part of the portfolio repositioning, the Company incurred a one-time net loss of \$227,033, net of tax. Excluding this one-time nonrecurring event, net income was \$867,464 for the quarter ended September 30, 2022, and \$2.1 million for the nine months ended September 30, 2022, resulting in basic and diluted earnings per share of \$0.29 for the quarter ended September 30, 2022, and \$0.72 for the nine months ended September 30, 2022.

### **Selected Highlights:**

- Return on average assets was 0.55% and return on average equity was 8.17% for the quarter ended September 30, 2022, compared to 0.76% and 8.87%, respectively, for the quarter ended September 30, 2021. Return on average assets was 0.64% and 0.69% for the nine months ended September 30, 2022, and 2021, respectively and return on average equity was 9.64% and 7.86% for the nine months ended September 30, 2022, and 2021, respectively.
- Excluding the one-time nonrecurring event, return on average assets was 0.83% and 0.74% for the quarter and nine months ended September 30, 2022, and the return on average equity was 12.21% and 11.13% for the quarter and nine months ended September 30, 2022.
- Total assets were \$447.6 million on September 30, 2022, compared to \$345.1 million on December 31, 2021.
- Total loans were \$269.4 million on September 30, 2022, compared to \$251.2 million on December 31, 2021.
- The investment portfolio increased to \$136.3 million on September 30, 2022, compared to \$24.9 million on December 31, 2021.
- Total deposits were \$375.5 million on September 30, 2022, compared to \$300.3 million on December 31, 2021.
- Credit quality continues to be outstanding. There were no nonperforming or past due loans on September 30, 2022.
- Regulatory capital remains strong with ratios exceeding the well capitalized thresholds in all categories.

Michael Ewing, CEO and Chairman of the Board said, “Our third quarter and year-to-date earnings are positioning us to have a very successful 2022. Our subordinated debt, which was issued at 4% in February 2022, has provided additional capital, allowing us to grow the balance sheet by \$76.5 million for the quarter. This growth, primarily in our investment portfolio, will provide attractive returns with fewer risk qualities as the industry is beginning to witness slower loan demand.” Mr. Ewing continued by saying, “The Bank’s proactive decision to fortify the foundation for growth with the subordinated debt issuance, has allowed the Bank to earn deposit market share. These deposits have been deployed into loans and securities. However, as demand for appropriately priced and well-structured loans has slowed, the Bank has opportunistically pursued attractive risk returns in the wholesale market. Management constantly evaluates the most efficient way to deploy the capital entrusted to it, with the aim of striking the optimal balance among safety and soundness, profitability, and growth.”

### **Net Interest Income**

Net interest income was \$3.1 million for the quarter ended September 30, 2022, compared to \$2.5 million for the quarter ended September 30, 2021. Net interest income was \$8.6 million and \$7.4 million for the nine months ended September 30, 2022, and 2021, respectively.

The net interest margin was 3.17% and 3.28% for the quarter ended September 30, 2022, and 2021, respectively. The net interest margin was 3.14% and 3.37% for the nine months ended September 30, 2022, and 2021, respectively.

Interest income increased \$1.0 million and \$1.5 million for the quarter and nine months ended September 30, 2022, respectively, as a result of increased investment opportunities to deploy capital into investments with attractive risk and return characteristics and increased loan income due primarily to the higher interest rate environment.

Interest expense increased \$436,276 and \$373,919 for the quarter and nine months ended September 30, 2022, respectively. Increases in interest expense are primarily attributable to interest expense related to the issuance of subordinated debt in February 2022, interest expense paid on deposits resulting from increases in volume and in interest rates and interest expense paid on FHLB advances and other borrowings due to higher balances needed to deploy capital into higher yielding investment opportunities.

### **Noninterest Income**

Noninterest income was \$66,448 for the quarter ended September 30, 2022, and \$711,950 for the nine months ended September 30, 2022. Compared to the quarter and nine months ended September 30, 2021, noninterest income has declined due primarily to decreased loan originations in secondary market as a result of the slowdown in mortgage refinancing and home purchases caused by increased interest rates.

Excluding the net loss of \$287,383 resulting from the one-time nonrecurring event, noninterest income was \$353,831 and \$999,333 for the quarter and nine months ended September 30, 2022, respectively.

### **Noninterest Expense**

Noninterest expense totaled \$2.4 million and \$6.8 million for the quarter and nine months ended September 30, 2022, respectively. This represents an increase of 8.08% compared to the quarter ended September 30, 2021, and 2.95% compared to the nine months ended September 30, 2021. Factors contributing to the largest variances in year-to-date noninterest expenses were related to increases in salaries and benefits due to growth opportunities and increases in FDIC insurance premiums based on asset growth. These increases were offset, in part, by the reduction in data processing expenses which were the result of a successful core data processing conversion, and a reduction in professional fees related to the formation of the holding company, both of which occurred in 2021.

**Asset Quality**

On September 30, 2022, the allowance for loan losses was \$2.3 million or 0.85% of outstanding loans, net of unearned income, compared to \$2.1 million or 0.85% of outstanding loans, net of unearned income, on December 31, 2021.

The provision for loan losses was \$85,039 and \$9,695 for the quarters ended September 30, 2022, and 2021, respectively. The provision for loan losses was \$161,521 for the nine months ended September 30, 2022, and a recovery in the provision for loan losses of \$57,848 for the nine months ended September 30, 2021.

**Shareholders' Equity**

Shareholders' equity was \$26.7 million on September 30, 2022, a decrease from \$28.6 million on December 31, 2021. Increases in retained earnings of \$1.7 million were offset by the increase in unrealized losses of the available-for-sale investment portfolio of \$3.3 million. The increase in unrealized losses on the available-for-sale investment portfolio was due to mark-to-market adjustments resulting from rising interest rates.

The Bank's regulatory capital ratios were 15.33% in Common Equity Tier 1 and Total Tier 1 Capital, 16.23% in Total Capital and 9.37% in Leverage Ratio for the quarter ended September 30, 2022. These ratios exceeded the well capitalized thresholds for the period.

**About Oak View Bankshares, Inc. and Oak View National Bank**

Oak View Bankshares, Inc. is the parent bank holding company for Oak View National Bank, a locally owned and managed community bank serving Fauquier, Culpeper, Rappahannock, and surrounding Counties. For more information about Oak View Bankshares, Inc. and Oak View National Bank, please visit our website at [www.oakviewbank.com](http://www.oakviewbank.com). Member FDIC.

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**OAK VIEW BANKSHARES, INC. AND SUBSIDIARY**  
**Consolidated Balance Sheets**

	(Unaudited)	
	September 30, 2022	December 31, 2021
Cash and due from banks	\$ 6,692,097	\$ 12,996,754
Federal funds sold	10,233,000	36,995,000
Interest-bearing deposits in other banks	5,599,406	6,412,288
Securities held to maturity, at cost	11,337,015	5,283,291
Securities available for sale, at fair value	124,922,443	19,657,380
Restricted stock, at cost	2,391,755	1,483,955
Loans, net of allowance for loan losses of \$2,286,972 and \$2,125,650 respectively	267,141,143	249,061,856
Premises and equipment, net	6,341,198	6,224,005
Accrued interest receivable	1,175,500	722,402
Bank-owned life insurance	9,735,510	5,309,354
Deferred tax asset	1,491,239	602,097
Other assets	513,733	378,580
Total assets	<u>\$ 447,574,039</u>	<u>\$ 345,126,962</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest bearing	\$ 102,631,965	\$ 91,242,636
Savings, interest-bearing checking and money market accounts	160,936,009	138,351,659
Time deposits	111,886,573	70,719,527
Total deposits	<u>375,454,547</u>	<u>300,313,822</u>
Federal Home Loan Bank advances	29,900,000	14,900,000
Subordinated debt, net of unamortized issuance costs	13,693,405	-
Accrued expenses and other liabilities	1,535,138	1,281,354
Total liabilities	<u>\$ 420,583,090</u>	<u>\$ 316,495,176</u>
<b>Shareholders' Equity</b>		
Preferred stock, \$ 5.00 par value, 2,000,000 shares authorized, none issued and outstanding	\$ -	\$ -
Common stock, \$1.00 par value, 10,000,000 shares authorized; issued and outstanding: 2,956,157 shares, respectively	2,956,157	2,956,157
Additional paid-in capital	17,776,623	17,776,623
Retained earnings	9,937,229	8,233,200
Accumulated other comprehensive (loss), net	(3,679,060)	(334,194)
Total shareholders' equity	<u>\$ 26,990,949</u>	<u>\$ 28,631,786</u>
Total liabilities and shareholders' equity	<u>\$ 447,574,039</u>	<u>\$ 345,126,962</u>

**OAK VIEW BANKSHARES, INC. AND SUBSIDIARY**  
**Consolidated Statements of Income**  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Interest and Dividend Income</b>				
Interest and fees on loans	\$ 2,889,296	\$ 2,655,156	\$ 8,155,375	\$ 7,960,579
Interest on securities	842,832	54,720	1,528,453	115,435
Dividends on restricted stock	22,136	17,516	57,490	52,332
Interest on deposits in other banks	29,858	42,300	83,391	149,202
Interest on federal funds sold	31,937	9,044	68,349	18,775
Total interest and dividend income	<u>3,816,059</u>	<u>2,778,736</u>	<u>9,893,058</u>	<u>8,296,323</u>
<b>Interest Expense</b>				
Interest on deposits	431,874	202,706	746,321	732,172
Interest on subordinated debt	140,000	-	332,889	-
Interest on borrowings	111,147	44,039	192,439	165,558
Total interest expense	<u>683,021</u>	<u>246,745</u>	<u>1,271,649</u>	<u>897,730</u>
<b>Net Interest Income</b>	3,133,038	2,531,991	8,621,409	7,398,593
<b>Provision for (recovery of) Loan Losses</b>	85,039	9,695	161,521	(57,848)
	<u>3,047,999</u>	<u>2,522,296</u>	<u>8,459,888</u>	<u>7,456,441</u>
<b>Noninterest Income</b>				
Service charges on deposit accounts	41,076	30,497	97,978	83,456
Interchange fee income	166,344	143,125	488,037	377,130
Mortgage loan fee income	49,560	196,023	169,318	450,560
Bank-owned life insurance	62,290	26,618	126,156	78,134
Loss on securities available for sale, net	(287,383)	-	(287,383)	-
Other income	34,561	70,196	117,844	216,844
Total noninterest income	<u>66,448</u>	<u>466,459</u>	<u>711,950</u>	<u>1,206,124</u>
<b>Noninterest Expenses</b>				
Salaries and employee benefits	1,451,659	1,377,029	4,094,708	3,513,676
Occupancy and equipment	158,312	131,569	466,724	430,208
Professional services	46,227	70,364	156,793	270,166
Data processing	346,843	262,872	951,057	1,420,444
Advertising and marketing	84,616	86,373	248,507	235,118
Regulatory assessments	58,909	67,617	191,825	164,798
Taxes, other	57,470	60,000	170,726	185,280
Other operating expenses	175,876	146,154	549,998	415,203
Total noninterest expenses	<u>2,379,912</u>	<u>2,201,978</u>	<u>6,830,338</u>	<u>6,634,893</u>
<b>Net Income Before Tax</b>	734,535	786,777	2,341,500	2,027,672
Income tax expense	154,454	165,223	489,663	425,638
<b>Net income</b>	<u>\$ 580,081</u>	<u>\$ 621,554</u>	<u>\$ 1,851,837</u>	<u>\$ 1,602,034</u>
<b>Earnings per Share, basic and diluted</b>	<u>\$ 0.20</u>	<u>\$ 0.21</u>	<u>\$ 0.63</u>	<u>\$ 0.55</u>